



ARLINGTON FINANCE COMMITTEE
MINUTES OF MEETING
3/15/21 7:30 PM
Conducted by Remote Participation - Zoom Meeting

ATTENDEES:

Gibian		Padaria	p	Pokress		Kellar		McKenna	p
Blundell	p	Wallach	p	Harmer	p	Tosti	p		
Ellis	p	Foskett	p	Deyst	p	Kocur	p		
White		Beck	p	Jones	p	Deshler	p		
Franclemont	p	Howard	p	LaCourt	p	Carman	p	Diggins	

p Indicates present, l indicates late

VISITORS: Town Manager Adam Chapdelaine, Deputy Town Manager Sandy Pooler, Management Analyst Julie Wayman

1. INTRODUCTION: Foskett read the rules for the meeting as formulated by Town Counsel based on the Governor's authorization. An important rule is that all votes be by roll call. Attendance was taken by roll call.

Note: A vote of "unanimous" means "unanimous vote by all present". The Chair votes only when there is a tie.

2. MINUTES of 3/8/21 waiting for review.

3. Chair's Comments: Foskett urged all to show respect when speaking with Town employees. He has studied all the department expense budgets (Ref 1). He found a 24% increase from the actual FY20 expenses listed in a source similar to the budget book and the FY21 budget. He found a very small increase from the FY21 budget and the FY22 budget.

4. ART 65 TRANSPORTATION INFRASTRUCTURE FUND: Chapdelaine explained that Towns receive a portion of the State taxes paid by Uber and similar companies into the Transportation Infrastructure Fund. This money must be used to maintain the Town's transportation infrastructure. He said that in the 1st year this money was spent on the Mass Ave bus lane. In the 2nd year it was spent on sidewalks in the Center. He proposes to spend the funds received in FY21 on the Complete Streets Program.

VOTED \$39,153.70 Unanimous

5. HEALTH AND HUMAN SERVICES: Chapdelaine and Pooler answered many

questions on this budget. The 2 Health Compliance Officers have been paid from the Cares Act revenue. They did COVID 19 contact tracing and helped run the vaccination clinic. This work will continue in FY22 with payments from the Cares Act and the Recovery Act until December or when the pandemic ends. The positions are considered temporary. The hours of the Public health Nurse have not changed. As in FY21, that position will be partly funded by a grant, but in FY22 the grant will show as an offset. This is also true for the Inspector of Weights and Measures. The AYHSC Program Coordinator will also work the same hours with pay offset by the \$20k grant. The social worker works with the police getting the homeless people living in the woods into housing. Eight have been housed. Maybe 10 remain. Costs are not limited to rent. Most are not criminals. This is a regional problem.
VOTED \$811,017 as printed. Unanimous

6. DIVERSITY, EQUITY, INCLUSION: HumSer SubCom Franclemont recommended this budget as printed. Chapdelaine discussed the recent diversity issues that have lead to the forming the DEI Department. He would like the Town staff to reflect the diversity of the town's residents. It does not now. He hopes the Equity Action Plan now being written will define the limits of this effort.
VOTED 139,561 Unanimous.

Padaria asked a series of probing questions about the IT department's budgets. Pooler answered them, but agreed that there is room for improvement in this budget.

Chapdelaine does not support Art 21.

Pooler stated that encumbered expenses are not included in budget book actuals. He does not think including them is a good idea. He is willing to discuss this topic further. Refer to Para 3 above.

7. EF COA TRANSPORTATION HumSer SubCom Franclemont recommended this budget as printed. Retained earnings are \$110,551.
VOTED \$140,300 expenses and revenue. Unanimous

8. EF AYCC HumSer SubCom Franclemont recommended this budget as printed. She noted that no general fund revenue is included in the budget. Retained earnings are \$79,611.
VOTED \$904,135 Unanimous

15. RESERVE FUND BALANCE: \$1,556,724

COMMITTEE: No meeting on 3/24

The meeting adjourned at 9:58 PM.

Peter Howard

Ref 1 Memo Foskett to FinCom 3/13/21

3/16/21

memo

Arlington Finance Committee

To: Arlington Finance Committee From: Charlie Foscett
 CC:
 Date: March 15, 2021

Re: A Brief, Preliminary Analysis of "FY 20 Actual" vs FY21 and FY22 Expense Budgets

This is an informational document. Please do not reply to this or its covering email; any debate or discussion must be at a formally posted Finance Committee meeting.

About three weeks ago, Christine Deshler, at our FinCom meeting, questioned why there were a number of relatively large increases between FY 20 actuals and the FY 21 and FY 22 budget numbers in the Town Manager's budget book, and whether these increases were inconsequential or not. Earlier this week I did some analysis of these differences. We also had a related discussion on Wednesday 3/10 with respect to the DPW budget, with much discussion about "actual expenses" and the effects of "encumbrances".

The expense data in this report is from spreadsheets provided by the Deputy Town Manager and are on our SharePoint site. While the data appears to be the same as in the TM Budget Book, I can't be certain – there may have been some updates or changes. However, for the purposes of this discussion minor changes probably don't matter, as this is intended to highlight a broad trend or pattern.

There are several important exclusions from this report:

1. Salaries. No salary information is included.
2. Education Budgets. APS and Minuteman are excluded.
3. Pensions and Health Insurance. While these are included in the base data, both the base data and their associated changes are subtracted from the analysis, as these are largely personnel or salary related, and are not easily managed from year-to-year.
4. Offsets and transfers. In all of the budgets there are offsets and transfers of various types. Sometimes offsets represent revenue, e.g. grant income. Other times they are interdepartmental charges. Sometimes they are charges to enterprise funds. All of these are excluded from this analysis. The data treat expenses as a metric of Town activity in each category rather than any apportionment to different groups or credits/debits.

Table 1 Categories and % Change shown below, lists the expense categories examined. You can see that these headings and classifications are similar to what is in the Manager's Budget Book. I added the two columns on the right. The first shows a percent comparison between the FY 21 budget and FY 20 actuals as reported to the Finance Committee. The second shows a percent comparison of the FY 22 proposed budget to the FY 21 budget which was voted last year.

3/15/2021 1

Table 1 Categories and % Change

2019	2020	2021	2022	Actual	Actual	Budget	Budget	%FY22/FY 20 Actual	%FY22/FY 21 Budget
0112282	SELECT BOARD EXPENSES	20,199	17,459	22,550	22,550			29.2%	0.0%
0112285	ACCOUNTING AND AUDITING TOTAL	49,305	63,000	78,000	78,000			23.8%	0.0%
0112382	TOWN MANAGER EXPENSES	36,817	45,507	55,200	63,552			39.7%	15.1%
0113182	FINANCE COMMITTEE EXPENSES	1,312	1,139	2,500	4,120			261.8%	64.8%
0113482	COMPTROLLER'S EXPENSES	9,086.24	33,654	27,600	27,600			-17.1%	0.0%
0113782	ASSESSORS EXPENSES	27,755	23,158	33,248	33,248			43.6%	0.0%

0113882 TREASURER/COLLECTOR EXPENSES 114,594 80,480 166,663 166,663	107.1%	0.0%
0114082 POSTAGE EXPENSES 90,331 140,871 190,883 190,883	35.5%	0.0%
0115182 LEGAL EXPENSES 104,760 147,374 136,665 136,665	-7.3%	0.0%
0115282 HUMAN RESOURCES EXPENSES 37,666 69,705 56,450 56,450	-19.0%	0.0%
0115482 INFORMATION TECHNOLOGY EXPENSES 409,818 390,018 563,003 634,213	62.6%	12.6%
0116182 TOWN CLERK EXPENSES 18,251 26,363 29,260 29,260	11.0%	0.0%
0116282 ELECTION EXPENSES 103,298 43,074 24,820 23,610	-45.2%	-4.9%
0116382 REGISTRARS EXPENSES 4,259 8,809 13,250 13,250	50.4%	0.0%
0117282 PLANNING EXPENSES 24,344 25,821 27,821 27,821	7.7%	0.0%
0117382 ZONING BOARD EXPENSES 2,854 3,535 10,100 10,300	191.4%	2.0%
0118282 REDEVELOPMENT BOARD TOTAL 10,212 5,416 10,800 10,800	99.4%	0.0%
0147182 FACILITIES EXPENSES 236,237 278,667 425,044 425,044	52.5%	0.0%
0119782 PARKING EXPENSES 6,757 9,406 20,780 20,780	120.9%	0.0%
0121082 POLICE EXPENSES 661,470 624,386 714,070 754,050	20.8%	5.6%
0122082 FIRE EXPENSES 394,535 371,404 420,400 437,400	17.8%	4.0%
0125182 INSPECTION EXPENSES 11,085 8,807 15,200 15,200	72.6%	0.0%
0140182 NATURAL RESOURCES EXPENSES 419,999 331,639 549,000 549,000	65.5%	0.0%
0140282 MAINTENANCE TOWN FIELDS 50,000 44,680 50,000 50,000	9.6%	0.0%
0141182 ENGINEERING EXPENSES 15,493 36,852 92,407 88,500	140.1%	-4.2%
0142083 STREETLIGHTING TOTAL 93,434 85,506 115,000 115,000	34.5%	0.0%
0142084 TRAFFIC SIGNALS TOTAL 92,160 130,905 115,000 115,000	-12.1%	0.0%
0142182 PUBLIC WORKS ADMIN EXPENSES 21,090 17,966 20,600 20,600	14.7%	0.0%
0142282 HIGHWAY EXPENSES 437,662 488,639 623,000 638,000	30.6%	2.4%
0142382 REMOVAL OF SNOW & ICE 1,084,664 708,058 1,172,013 1,172,013	34.5%	0.0%
0142982 HGWAY MOTOR EQUIP REPAIR EXPENSES 140,843 167,666 187,000 187,000	11.5%	0.0%
0143382 SOLID WASTE TOTAL 3,351,482 3,452,213 3,972,820 4,011,675	16.2%	1.0%
0149182 CEMETERY EXPENSES 119,909 133,482 162,500 162,500	21.7%	0.0%
0151282 HEALTH & HUMAN SERVICES EXPENSES 94,606 85,173 145,200 190,900	124.1%	31.5%
0154182 COUNCIL ON AGING EXPENSES 28,386 28,677 66,200 64,800	126.0%	-2.1%
0154382 VETERANS SERVICES EXPENSES 281,707 243,937 305,268 251,268	3.0%	-17.7%
0151982 DIVERSITY, EQUITY, INCLUSION EXPENSES - - 8,000 38,000	N/A	375.0%
0161082 LIBRARY EXPENSES 494,340 456,536 538,880 538,880	18.0%	0.0%
0191281 PENSIONS APPROPRIATION TOTAL 11,903,489 12,560,474 13,265,379 14,060,395	11.9%	6.0%
0191487 GROUP HEALTH INSURANCE APPROPRIATION TOTAL 16,541,626 17,840,302 19,085,059 20,152,752	13.0%	5.6%
0191488 LIABILITY INSURANCE APPROPRIATION TOTAL 409,831 412,628 502,443 581,272	40.9%	15.7%

The FY 21 budget vs FY 20 actual changes range from reductions (negative %) to 261% (which I note with some chagrin is the FinCom expense line, although it is the smallest budget category and is affected by a small base).

The average of the variations is 51%, with an average deviation from the mean of 45%, indicating a wide range of changes. While startling, this somewhat distorts the information, because it does not weight the size of the variance with the size of the budget line item. For example, the Police budget is more significant than the FinCom budget and should receive a higher weighting.

Table 2 Summary Analysis

Expense Analysis	FY 20 Actual	FY 21 Budget	FY 22 Budget
Total Expense Less Pensions Less Health Ins. Less Snow & Ice Net Expenses	39,643,387 (12,560,474) (17,840,302) (708,058)	44,020,076 (13,265,379) (19,085,059) (1,172,013)	46,169,014 (14,060,395) (20,152,752) (1,172,013)
	8,534,554	10,497,625	10,783,854
Changes		FY 21 Budget - FY 20 Actual	FY 22 Budget - FY 21 Budget
Total Remove Pensions Remove Health Insurance Remove Snow & Ice Net Expense Changes		6,306,561 (1,498,055) (2,312,450) (463,955)	2,148,938 (795,016) (1,067,693)
		2,032,101	286,229
Percent of FY 20 Base Percent of FY 21 Budget		23.8%	2.7%

Table 2 Summary Analysis above paints a more accurate, but still startling picture. First, the totals in each FY category are adjusted for Pensions and Health insurance. Remember, there are no offsets in this data. In addition, they are adjusted for the

Snow and Ice budget, which is not easily manageable (the data are taken as presented, although there may be some errors in the Snow and Ice line). The line "Net Expense Changes" is the arithmetic sum of all the positive and negative changes in the respective column. Dividing this amount by the Total Net Expense (actual or budget) as adjusted provides the average percent change weighted by the size of the budget. So now the FinCom variance has a smaller effect than the Police variance.

The total weighted Budget to Actual variance, FY 21 Budget over FY 20 Actual is 23.4% or \$2,032,101 on an adjusted base actual of \$8,534,554. Since we don't have closing actuals for FY 21, this is the difference we have to analyze and understand. It is not insignificant. The relatively smaller change between FY 22 and FY 21 budgets means that the FY21 Budget to FY 20 Actual analysis is very relevant.

The appendix to this memo provides the details of the changes. Best regards,
Charlie

Refer to Sharepoint original for the appendix.